

NETWORK US, INC
BALANCE SHEET
AS OF 07/31/01

OFFICIAL FILE

I.C.C. DOCKET NO. 010591
App Exhibit No. 2
Witness App Shoh
Date 11/29/01 Reporter 55

ASSETS

Current Assets

Cash		\$214,641.79
Accounts Receivable	960,345.32	
Allowance for Bad Debts	<u>(21,382.73)</u>	
Accounts Receivable - Net		938,962.59
Accounts Receivable - Other		0.00
Prepaid Expenses		<u>36,854.37</u>

Total Current Assets

1,190,458.75

Long Term Assets

Property & Equipment	220,000.00
Accumulated Depreciation	<u>(24,193.74)</u>
Goodwill	323,473.48
Accum. Amortization Goodwill	<u>(10,782.42)</u>
Other Assets	<u>0.00</u>

Total Long Term Assets

508,497.32

Total Assets

\$1,698,956.07

LIABILITIES & EQUITY

Current Liabilities

Accounts Payable - Trade	\$257,913.56
Due To / (From) Connect America	<u>(7,594.04)</u>
Sales & Excise Taxes Payable	304,447.86
Payroll Tax Payable	0.00
Notes Payable - Current	0.00
Accrued Expenses & Other Current Liabiliti	<u>57,727.48</u>

Total Current Liabilities

612,494.86

Non Current Liabilities

Notes Payable - Finova	0.00
Notes Payable - Officers	1,019,166.67
Other Non Current Liabilities	<u>0.00</u>

Total Liabilities

1,631,661.53

Owners' Equity

Common Stock	0.00
Capital in Excess of Par	1,000.00
Retained Earnings	0.00
Current Year Income	<u>66,294.54</u>

Total Stockholders' Equity

67,294.54

Total Liabilities & Equity

\$1,698,956.07

NETWORK US, INC
PROFIT & LOSS STATEMENT
FOR THE MONTH OF JULY 2001

	<u>Current Period</u>	<u>YTD</u>
Sales - Long Distance	\$408,161.10	\$2,619,716.51
Sales - Local	25,428.01	157,774.63
Sales - Conf Calling	0.00	13,742.28
Sales - PC / Inet / Package	3,614.50	21,921.00
Other Revenue	0.00	998.00
Discounts	(17,077.76)	(96,654.47)
Net Sales	420,125.85	2,717,497.95
COS - LD	195,678.45	1,235,080.42
COS - Local	25,195.71	154,313.08
COS - Conference Calling	0.00	13,814.71
COS - PC / Inet / Package	909.17	4,628.03
Cost of Sales	221,783.33	1,407,836.24
Gross Profit	198,342.52	1,309,661.71
Operating Expenses		
Advertising & Promotion	4,721.43	8,106.62
Bad Debt Expense	4,201.26	27,110.14
Bank Fees	3,083.96	18,532.55
Billing Expense	4,754.68	32,421.15
Building Rent	4,210.00	53,379.69
Collection Expense	140.65	220.11
Commission Expense	19,516.62	123,292.70
Customer Refunds	(45.47)	1,665.94
Employee Benefits	3,080.61	18,524.06
Equipment Rent	3,360.86	25,434.08
Insurance	1,020.32	14,819.09
Licenses & Fees	3,335.61	13,248.21
Outside Services	975.65	23,693.37
Postage & Delivery	5,914.45	42,176.23
Professional Services	14,834.53	125,461.22
Recruiting Expense	371.46	961.82
Repairs & Maintenance	1,226.44	6,001.79
Royalties	19,516.62	123,292.70
Salaries & Wages	54,937.38	383,320.50
Supplies	8,542.74	15,976.08
Switch Fees	1,228.89	55,083.16
Taxes	4,631.00	34,551.74
Temporary Labor	2,141.62	6,472.43
Travel & Entertainment	53.30	99.45

NETWORK US, INC
PROFIT & LOSS STATEMENT
FOR THE MONTH OF JULY 2001

	<u>Current Period</u>	<u>YTD</u>
Utilities	\$562.52	\$6,259.19
Other Operating Expenses	98.00	521.00
Total Operating Expenses	166,415.13	1,160,625.02
Net Operating Income (Loss)	31,927.39	149,036.69
Other Income (Expense)		
Depreciation & Amortization	(5,829.36)	(34,976.16)
Other Income	130.00	1,090.07
Interest Expense	(5,945.14)	(43,278.81)
Other Expenses	(4,555.19)	(5,577.25)
Total Other Income (Expense)	(16,199.69)	(82,742.15)
Net Income (Loss)	\$15,727.70	\$66,294.54

NETWORK US, INC
BALANCE SHEET
AS OF 08/31/01

ASSETS

Current Assets

Cash		\$94,056.24
Accounts Receivable	925,892.25	
Allowance for Bad Debts	(25,784.48)	
Accounts Receivable - Net		900,107.77
Accounts Receivable - Other		0.00
Prepaid Expenses		34,409.30

Total Current Assets **1,028,573.31**

Long Term Assets

Property & Equipment	220,000.00
Accumulated Depreciation	(28,226.03)
Goodwill	323,473.48
Accum. Amortization Goodwill	(12,579.49)
Other Assets	1,301.48

Total Long Term Assets **503,969.44**

Total Assets **\$1,532,542.75**

LIABILITIES & EQUITY

Current Liabilities

Accounts Payable - Trade	\$241,806.52
Due To / (From) Connect America	(259,452.13)
Sales & Excise Taxes Payable	353,605.80
Payroll Tax Payable	0.00
Notes Payable - Current	0.00
Accrued Expenses & Other Current Liabiliti	66,138.86

Total Current Liabilities **402,099.05**

Non Current Liabilities

Notes Payable - Finova	0.00
Notes Payable - Officers	1,019,166.67
Other Non Current Liabilities	0.00

Total Liabilities **1,421,265.72**

Owners' Equity

Common Stock	0.00
Capital in Excess of Par	1,000.00
Retained Earnings	0.00
Current Year Income	110,277.03

Total Stockholders' Equity **111,277.03**

Total Liabilities & Equity **\$1,532,542.75**

NETWORK US, INC
PROFIT & LOSS STATEMENT
FOR THE MONTH OF AUGUST 2001

	<u>Current Period</u>	<u>YTD</u>
Sales - Long Distance	\$420,874.42	\$3,040,590.93
Sales - Local	25,528.63	183,303.26
Sales - Conf Calling	0.00	13,742.28
Sales - PC / Inet / Package	4,053.55	25,974.55
Other Revenue	0.00	998.00
Discounts	(13,597.61)	(110,252.08)
Net Sales	436,858.99	3,154,356.94
COS - LD	197,270.99	1,432,351.41
COS - Local	23,882.38	178,195.46
COS - Conference Calling	0.00	13,814.71
COS - PC / Inet / Package	949.55	5,577.58
Cost of Sales	222,102.92	1,629,939.16
Gross Profit	214,756.07	1,524,417.78
Operating Expenses		
Advertising & Promotion	1,851.93	9,958.55
Bad Debt Expense	4,368.59	31,478.73
Bank Fees	2,399.68	20,932.23
Billing Expense	4,645.90	37,067.05
Building Rent	4,210.00	57,589.69
Collection Expense	0.00	220.11
Commission Expense	20,225.93	143,518.63
Customer Refunds	385.68	2,051.62
Employee Benefits	3,736.18	22,260.24
Equipment Rent	3,455.40	28,889.48
Insurance	908.55	15,727.64
Licenses & Fees	4,305.61	17,553.82
Outside Services	780.26	24,473.63
Postage & Delivery	6,614.47	48,790.70
Professional Services	9,500.98	134,962.20
Recruiting Expense	0.00	961.82
Repairs & Maintenance	209.19	6,210.98
Royalties	20,225.93	143,518.63
Salaries & Wages	57,239.32	440,559.82
Supplies	5,579.26	21,555.34
Switch Fees	431.85	55,515.01
Taxes	4,394.41	38,946.15
Temporary Labor	1,419.99	7,892.42
Travel & Entertainment	1,299.01	1,398.46

NETWORK US, INC
PROFIT & LOSS STATEMENT
FOR THE MONTH OF AUGUST 2001

	<u>Current Period</u>	<u>YTD</u>
Utilities	\$605.91	\$6,865.10
Other Operating Expenses	0.00	521.00
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Total Operating Expenses	158,794.03	1,319,419.05
Net Operating Income (Loss)	55,962.04	204,998.73
Other Income (Expense)		
Depreciation & Amortization	(5,829.36)	(40,805.52)
Other Income	26.55	1,116.62
Interest Expense	(5,945.14)	(49,223.95)
Other Expenses	(231.60)	(5,808.85)
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Total Other Income (Expense)	(11,979.55)	(94,721.70)
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Net Income (Loss)	<u>\$43,982.49</u>	<u>\$110,277.03</u>

NETWORK US, INC
BALANCE SHEET
AS OF 09/30/01

ASSETS

Current Assets

Cash		\$123,143.67
Accounts Receivable	1,062,362.22	
Allowance for Bad Debts	(22,306.74)	
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Accounts Receivable - Net		1,040,055.48
Accounts Receivable - Other		0.00
Prepaid Expenses		28,572.73
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Total Current Assets		1,191,771.88
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Long Term Assets

Property & Equipment	220,000.00
Accumulated Depreciation	(32,258.32)
Goodwill	323,473.48
Accum. Amortization Goodwill	(14,376.56)
Other Assets	1,301.48
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Total Long Term Assets		498,140.08
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Total Assets		\$1,689,911.96
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LIABILITIES & EQUITY

Current Liabilities

Accounts Payable - Trade	\$280,879.78
Due To / (From) Connect America	(225,341.06)
Sales & Excise Taxes Payable	401,176.67
Payroll Tax Payable	0.00
Notes Payable - Current	0.00
Accrued Expenses & Other Current Liabiliti	70,427.12
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Total Current Liabilities		527,142.51
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Non Current Liabilities

Notes Payable - Finova	0.00
Notes Payable - Officers	1,019,166.67
Other Non Current Liabilities	0.00
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Total Liabilities		1,546,309.18
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Owners' Equity

Common Stock	0.00
Capital in Excess of Par	1,000.00
Retained Earnings	0.00
Current Year Income	142,602.78
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Total Stockholders' Equity		143,602.78
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Total Liabilities & Equity		\$1,689,911.96
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NETWORK US, INC
PROFIT & LOSS STATEMENT
FOR THE MONTH OF SEPTEMBER 2001

	<u>Current Period</u>	<u>YTD</u>
Sales - Long Distance	\$413,767.65	\$3,454,358.58
Sales - Local	23,128.50	206,431.76
Sales - Conf Calling	0.00	13,742.28
Sales - PC / Inet / Package	4,202.65	30,177.20
Other Revenue	0.00	998.00
Discounts	(16,436.88)	(126,688.96)
Net Sales	424,661.92	3,579,018.86
COS - LD	188,253.61	1,620,605.02
COS - Local	24,912.96	203,108.42
COS - Conference Calling	0.00	13,814.71
COS - PC / Inet / Package	966.20	6,543.78
Cost of Sales	214,132.77	1,844,071.93
Gross Profit	210,529.15	1,734,946.93
Operating Expenses		
Advertising & Promotion	1,906.29	11,864.84
Bad Debt Expense	4,246.62	35,725.35
Bank Fees	2,577.23	23,509.46
Billing Expense	5,187.14	42,254.19
Building Rent	4,210.00	61,799.69
Collection Expense	206.61	426.72
Commission Expense	19,503.47	163,022.10
Customer Refunds	206.01	2,257.63
Employee Benefits	3,702.10	25,962.34
Equipment Rent	3,643.53	32,533.01
Insurance	6,630.42	22,358.06
Licenses & Fees	3,460.61	21,014.43
Outside Services	1,120.11	25,593.74
Postage & Delivery	5,410.55	54,201.25
Professional Services	13,870.55	148,832.75
Recruiting Expense	0.00	961.82
Repairs & Maintenance	343.62	6,554.60
Royalties	19,503.47	163,022.10
Salaries & Wages	56,845.18	497,405.00
Supplies	8,760.92	30,316.26
Switch Fees	483.51	55,998.52
Taxes	3,785.91	42,732.06
Temporary Labor	523.88	8,416.30
Travel & Entertainment	0.00	1,398.46

NETWORK US, INC
PROFIT & LOSS STATEMENT
FOR THE MONTH OF SEPTEMBER 2001

	<u>Current Period</u>	<u>YTD</u>
Utilities	(\$731.47)	\$6,133.63
Other Operating Expenses	1,180.00	1,701.00
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Total Operating Expenses	166,576.26	1,485,995.31
Net Operating Income (Loss)	43,952.89	248,951.62
Other Income (Expense)		
Depreciation & Amortization	(5,829.36)	(46,634.88)
Other Income	212.00	1,328.62
Interest Expense	(5,945.14)	(55,169.09)
Other Expenses	(64.64)	(5,873.49)
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Total Other Income (Expense)	(11,627.14)	(106,348.84)
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Net Income (Loss)	<u>\$32,325.75</u>	<u>\$142,602.78</u>